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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 3545
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5727
RUEHBJ/AMEMBASSY BEIJING 3442
RUEHKO/AMEMBASSY TOKYO 3306
RUEHIT/AMCONSUL ISTANBUL 3970
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1173
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C O N F I D E N T I A L ASHGABAT 001248

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

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SUBJECT: TURKMENISTAN: U.S. LOGISTICS COMPANY EXPLAINS
SUCCESS

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

11. (C) On September 28, Economic Officer met with the Managing Director of U.S.-based Bertling Logistics. The Bertling representative, who was raised in Turkey and has been in Ashgabat for 10 years, asserted that commercial conditions in the country have improved immensely in the last few years. He highlighted that 2009 had been the company's most profitable year in Turkmenistan and that 2010 prospects were even brighter. He anticipated several large commercial projects in the energy and infrastructure sectors that U.S. companies would find attractive. Bertling's success and its positive take on the Turkmen business climate were refreshing, given that several U.S. companies remain mostly downbeat on opportunities in Turkmenistan.

12. (C) The Bertling representative referred to the Turkmen government's "Strategy for Political, Economic and Cultural Development of Turkmenistan up to 2020," noting that this former President Niyazov initiative adopted in 2001 has had little traction since Niyazov's death in 2006. The plan's original production projections were far from realistic. For instance, the plan called for the production of 48 million tons of oil and 125 billion cubic meters (bcm) of natural gas by 2010, but the Turkmen only produced 10 million tons of oil and only 75 bcm of gas. (Note: The plan's goals for agricultural and infrastructure projects are reportedly so far-fetched that Turkmen officials reportedly check off accomplishments on paper, not having actually accomplished many of the unrealistic goals. End note.) Nevertheless, the current President reportedly refers to the plan from time-to-time, which has helped foreign companies capture some unexpected business when the GOTX needed a deliverable for the President right away.

13. (C) According to the Bertling representative, all foreign businesses should understand the Turkmen motto (borrowed from Farsi): "yuwash, yuwash" which means things move very slowly. He illustrated his point by recounting how the

Bertling office he opened in 1999 did not have any real clients for over a year. Through building relationships and showing respect for Turkmen culture and ideas, he added, Bertling's clientele grew, despite bureaucratic red tape and the GOTX's swift, harsh approach to foreign companies that get on the GOTX's bad side. He stated that his logistics company deals with many government agencies such as the customs, tax, and migration departments on a regular basis, so building person relationships of trust with officials and maintaining flexibility have resulted in Bertling's increased success.

14. (C) Regarding corruption in Turkmenistan, the Bertling rep said it clearly exists on many levels, but companies that exercise ethical practices do get rewarded for persistence. He wagered that most Turkmen government officials believe "a person holding the honey pot always licks his fingers," but Turkmen are aware that U.S. companies cannot by law sweeten the pot to get business contracts. He commented that Turkmen pride requires a lot of respectful gestures from potential business partners, and respectful gestures do not have to translate into gifts or bribes. He maintained that remembering names, birthdays, holidays, and introducing people to contacts were legal and acceptable means of showing respect and building lasting relationships.

15. (C) COMMENT. The Bertling representative's cultural insight on the Turkmen business culture meshes with what many Turkmen have been telling us: the Turkmen value relationships and respect over the most logical and best put-together business proposal. Appealing to the President's vanity is

also a critical component for achieving success in Turkmenistan. After 10 years, Bertling's thick skin and understanding of the Turkmen business psyche are paying large dividends both figuratively and literally. END COMMENT.
CURRAN